

## **Improving outpatient dialysis payment policy**

**ISSUE:** The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 improved payment for dialysis in some respects but falls short of MedPAC's recommendations for modernizing the outpatient dialysis payment system. The new law does not bundle composite rate services and injectable drugs together, a critical and necessary component for modernizing this payment system. In addition, freestanding and hospital-based facilities continue to be paid differently for providing the same services—composite rate services and injectable drugs—which could lead to financial incentives inappropriately affecting decisions about where care is provided.

### **KEY POINTS:**

During this meeting we will discuss:

- alternative ways to pay for separately billable dialysis injectables,
- alternative ways to pay for composite rate services, and
- modernizing the outpatient dialysis payment system.

**ACTION:** Commissioners should discuss the findings in the attached briefing materials. We anticipate that this analysis will be included in MedPAC's June 2005 report to the Congress.

**STAFF CONTACT:** Nancy Ray (202-220-3723).